

# EXHIBIT 9

**DDECLARATION OF DOUGLAS A. GAGE**

I, Douglas A. Gage, Ph.D., declare as follows:

1. I am the Vice President for Research and Innovation at Michigan State University (“MSU”), a position I have held since 2020. As Vice President for Research and Innovation, I oversee strategic initiatives and support for MSU’s research enterprise and approximately \$932 million in annual research expenditures. Prior to holding this position, I was an Assistant Vice President in MSU’s Office for Research and Innovation. I am also a professor in the Department of Biochemistry and Molecular Biology, and I have been a researcher for more than 30 years.

2. As Vice President for Research and Innovation, I have personal knowledge of the contents of this declaration, or I have knowledge of the matters based on my review of information and records gathered by MSU personnel and my staff, and could testify thereto.

3. MSU receives substantial funding from the Department of Energy (“DOE”) and has annual DOE expenditures of approximately \$161 million.

4. The funding MSU receives from DOE supports critical and cutting-edge research, which millions of Americans benefit from and depend on. For example:

- a. Through its Office of Science and through the National Nuclear Security Administration (“NNSA”), DOE funds MSU research initiatives that include nuclear science research, isotope research, accelerator research, plant research, and other basic research to enable American national security and prosperity, as well as enable the advance of health diagnostics and therapies using rare isotopes for cancer.
- b. Indeed, MSU designed and operates the Facility for Rare Isotope Beams (“FRIB”) as a DOE Office of Science user facility for the DOE, which affords

research opportunities to researchers from U.S. National Laboratories, American industry, and universities. At FRIB, MSU operates the world's most powerful heavy-ion accelerator. FRIB is one of 28 DOE-SC national user facilities and represents a \$1.5 billion investment of public funds over the past 15 years, including \$94.5 million from the State of Michigan.

- c. FRIB affords 1,800 scientific users – representing 246 U.S. institutions and 13 U.S. National Laboratories – discovery opportunities in basic research with heavy ions and rare isotopes in nuclear science for applications that are critical to the Nation's needs, including: (i) national security, (ii) medicine, including the use of nuclear isotopes in cancer diagnostics and treatment, (iii) cryogenic engineering, (iv) chip testing for next-generation semiconductor devices that will help meet the current national shortfall of testing capacity for advanced microelectronics, including those used for commercial spaceflight, 5/6G wireless technology, and autonomous vehicles, and (v) workforce development.

5. Indirect costs are essential for supporting this research. The DOE's proposal to cut indirect cost rates to 15% would end or seriously jeopardize the research projects described in paragraph 4.

6. Indirect costs include equipment depreciation, which supports long-term investment in laboratories and research facilities that are essential for housing federally funded research. Indirect costs also include operations and maintenance costs such as utilities, HVAC, security, and routine maintenance that are critical for ensuring federally sponsored research environments remain functional, compliant, and safe. Without sufficient indirect costs, the long-

term capacity for MSU to support research in a manner that protects the federal investments will not be possible.

7. Physical space costs, including building depreciation, utilities, and operations and maintenance (“O&M”), are not only a critical but also are one of the largest components of indirect, significant, and necessary costs with a direct and obvious impact on the amount of research that can be done at MSU. For example, the FRIB described in Paragraph 4 requires highly specialized laboratory space including clean rooms, radiation-shielded environments, high-voltage and high-temperature control labs, as well as secure space for handling sensitive equipment and data. Space costs also include air handling systems, HVAC, and lab ventilation to meet Occupational Safety and Health Administration (“OSHA”), Environmental Protection Agency (“EPA”), and other biosafety standards. These costs are legal and regulatory requirements tied directly to the DOE mission of safety and compliance. The building depreciation costs are not just accounting costs; depreciation of research facilities represents the capital costs invested by MSU to conduct DOE-funded research, including constructing research buildings, renovating space to meet federal research standards, and purchasing large-scale infrastructure. Without reimbursing these costs through the indirect costs, MSU suffers an unsustainable financial risk that will limit its ability to continue DOE funded work.

8. In addition, indirect costs fund the administration of awards, including staff who ensure compliance with a vast number of regulatory mandates from agencies such as DOE. These mandates serve many important functions, including ensuring research integrity; properly managing and disposing of chemical and biological agents used in research; preventing financial conflicts of interest; managing funds; preventing intellectual property, technologies, or national security expertise from being inappropriately accessed by foreign adversaries; and providing the

high level of cybersecurity, data storage, and computing environments mandated for regulated data. At MSU, indirect costs fund compliance and oversight of federal requirements related to two Nuclear Regulatory Commission licenses, conventional and radioactive waste removal, and critical environmental health and safety.

9. Recovery of MSU's indirect costs is based on predetermined rates that have been contractually negotiated with the federal government.

10. MSU has a Negotiated Indirect Cost Rate Agreement ("NICRA") with the federal government, effective as of July 1, 2023. Per the Indirect Cost ("IDC") Rate, MSU's NICRA is 57%.

11. The impact to MSU of a reduction in the indirect cost rate would be devastating. Of the \$161 million in DOE funding that MSU received for fiscal year 2024, approximately \$116 million was for direct costs (\$84 million of which was for modified total direct costs ("MTDC")), and about \$45 million was for indirect costs reimbursements. Similarly, in fiscal year 2025, MSU expects to receive \$114 million in DOE funding for direct costs, while approximately \$45 million would be reimbursed for indirect costs. And over the next five years, MSU anticipates receiving an average of \$115 million from the DOE for annual direct costs (about \$84 million of that amount is for MTDC). Based on the predetermined indirect cost rate of 57%, which was agreed upon by the federal government as of April 17, 2023, MSU expects to receive approximately \$45 million in indirect cost recovery on an annual basis from DOE. MSU's predetermined rate is effective through June 30, 2027, with a provisional rate at 57% after that time period.

12. If—contrary to what MSU has negotiated with the federal government—the indirect cost rate is reduced to 15%, that would reduce MSU's anticipated annual indirect cost recovery by approximately \$32 million.

13. This reduction will have deeply damaging effects on MSU's ability to conduct DOE-funded research from day one, leaving unfunded the following:

- a. Salaries and benefits for staff benefitting the research;
- b. Low-level radioactive waste removal;
- c. Critical environmental health and safety oversight;
- d. U.S. Nuclear Regulatory Commission license management; and
- e. Compliance with and oversight of federal requirements.

14. The DOE's proposal to terminate and reissue existing grants under a 15% indirect cost cap would result in immediate and severe disruption to active research. MSU will face serious challenges in maintaining the laboratories, equipment, technical teams, and administrative support required for world-leading research. MSU would immediately be forced to consider which projects would need to be canceled or scaled back, with resulting reductions in work force. Inevitably, some projects would be halted midstream; equipment construction timelines would be delayed; and key technical personnel—many with irreplaceable expertise—would be lost.

15. MSU has for decades relied on the payment of indirect costs. And until now, we have been able to rely on the well-established process for negotiating indirect cost rates with the federal government to inform our budgeting and planning. Operating budgets rely on an estimate of both direct and indirect sponsored funding to plan for annual staffing needs (*e.g.*, post-docs, PhD students, and other research staff), infrastructure support (*e.g.*, IT networks, regulatory compliance, and grant management support), and facility and equipment purchases. And in some cases, MSU has long-term obligations—for example, multi-year salary commitments for tenured and non-tenured track faculty hired to support federally funded research, multi-year funding opportunities to admitted PhD students, multi-year capital financing obligations for specialized

laboratory space and major scientific equipment—and it relies on budgeted grant funding, including associated indirect cost recovery, to fulfill these commitments.

16. In addition to the immediate impacts and reliance interests described above, there are longer term impacts that are both cumulative and cascading. These include decrease of research infrastructure, loss of researchers and students without stable funding to support areas of research, and deferred maintenance of lab space that could compromise lab safety and reduce MSU's ability to provide appropriate compliance oversight. Over time, these effects reduce MSU's ability to support high-quality federally compliant research and make it difficult to restart, even if funding is later restored.

17. Disruptions to MSU's research will also have negative effects in the greater East Lansing area, the State of Michigan, the broader region, and in the United States as a whole. As noted above, FRIB affords 1,800 scientific users discovery opportunities, and the 1,800 users represent 246 U.S. institutions and 13 U.S. National Laboratories. MSU collaborates with state and local partners to help solve regional challenges through joint research and innovation. MSU's research also fuels spending in the regional economy, including by driving discoveries that launch new ventures, attract private investment, and make a positive social impact. A massive reduction in MSU's research budget would immediately and seriously jeopardize these contributions to the local region.

18. Finally, slowdowns or halts in research by MSU and other American universities will allow competitor nations that are maintaining their investments in research to surpass the United States on this front, threatening both our Nation's national security and its economic dominance. A recent example is the utilization of the unique capabilities of FRIB to test semiconductor chips for their ability to tolerate extreme conditions for deep space missions and in

future military conflicts. Understanding semiconductor chips' performance *before* they face extreme environments is a critical advantage for U.S. technology dominance. A number of aerospace companies, as well as the U.S. Department of Defense's Missile Defense Agency, are currently supporting and using FRIB's capabilities for this purpose.

19. Nor can MSU cover the funding gap itself. Any development of a way to fill this gap would necessarily include diverting funding from people (students, faculty, and staff) or educational programs. While MSU maintains an endowment, it is neither feasible nor sustainable for MSU to use endowment funds – which are often restricted – or other revenue sources to offset shortfalls in indirect cost recovery, for several reasons.

19. Moreover, absorbing the cost of a lower indirect cost rate, even if it were possible, would create long-term budget pressures on MSU—which would in turn force reductions in key investments supporting MSU's faculty, students, staff, research, and teaching infrastructure, as well as other critical activities needed to maintain MSU's academic excellence.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 13th day of April 2025, in East Lansing, Michigan

A handwritten signature in black ink, appearing to read "Douglas A. Gage", written in a cursive style.

Douglas A. Gage